SPRING CAR CARE BUY-IN

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Sealed Beam, Large Square, 6052	78,881	9.29	732,804
2	8-oz Armor All Protector, 10080	222,166	2.86	636,949
3	Sealed Beam, Large Round, 6014	175,071	3.42	599,968
4	Raindance Paste (Appl pk), 14 oz, 37266	85,831	6.71	576,440
5	16-oz Armor All Protector, 10160	92,018	6.04	555,972
6	Fila Motorcraft Oil Filter	133,932	4.12	552,469
7	14-oz Freon 1001	309,236	1.69	523,536
8	Sealed Beam, Low Square, 4652	87,305	5.97	521,385
9	Gumout Jet Spray, 13 oz, 7450	218,330	2.18	477,487
10	15-oz Oil Treatment, STP	251,302	1.81	455,359
11	Air Compressor with Gauge, 165 PSI	16,697	25.65	428,394
12	Snowhite Lit' N' Easy Gal, 3431	32,641	12.17	397,469
13	Turtlewax Super Hard Shell Paste, 14 oz, 38906	101,485	2.52	392,036
14	Raindance Liquid, (Apl Pk) 16 oz, 27243	56,767	6.72	381,928
15	1157 Auto Bulbs, 2 on a Card	323,121	1.08	351,878
16	2 Ton Hydraulic Floor Jack	6,099	54.35	331,505
17	Quaker State Deluxe, 10W40	266,551	1.20	320,394
18	2 Ton Mini Hydraulic Floor Jack	8,926	34.80	310,696
19	Snap Fix-A-Flat, 12 oz	206,142	1.44	298,493
20	Valvoline Motor Oil, 10W40, Qt	236,605	1.21	287,001
21	Armor All Protector 32 oz, 10320	31,326	8.99	281,871
22	Quartz Halogen Fog Light Kit Amber	10,269	26.94	276,729
23	Pennzoil Multi-Vis 10W40	205,473	1.29	266,498
24	Roberk 16" Wiper Blade Refill	108,502	2.45	265,938
25	Gumout Carburetor Cleaner, 12 oz, 7518	140,132	1.89	265,550
26	Westl Bleche-Wite Liquid, 20 oz	128,420	2.05	263,261
27	H6054 Halogen Seal Beam, Large Square	13,252	18.91	250,688
28	Gunk Engine-Brite Aerosol, 20 oz	119,467	2.08	249,447
29	Turtle Zip Wax Liquid Car Wash, 18 oz	103,985	2.37	247,172
30	Turtle Minute Wax, 18 oz	44,010	5.44	239,766
31	Booster Cable Sleeved 12'	28,439	8.37	238,091
32	One Piece Auto Ramp, Pair	10,746	21.01	225,773
33	Quaker State Super Blend 10W30	186,693	1.15	215,257
34	Chamois 2½ sq ft	35,662	5.76	205,448
35	Roberk 18" Wiper Blade Refill	83,987	2.44	205,264
36	4000 Sealed Beam, Low Round	66,499	3.06	203,486
37	Pennzoil Multi-Vis 10W30	174,724	1.15	202,330
38	13040 Armor All Protector, 4 oz	118,531	1.67	198,896
39	8850CM A/C Recharge Kit/Freon	28,056	7.03	197,486
40	100RQR Rislone Oil Alloy 32 oz	71,916	2.73	196,474
41	PF-25 AC Oil Filters	47,800	4.04	193,494
42	Roberk 16" Wiper Blades	75,415	2.44	184,314
43	Prestone Heavy Duty Break Fluid, 12 oz	97,970	1.84	180,656
44	R45TS-8BP, AC Spark Plugs	16,720	10.62	177,583
45	Black Label CD-2 Oil Detergent	73,780	2.39	176,850
46	Lee Oil Filter, LF1	56,577	3.12	176,646
47	Sandable Primer, Grey	85,807	2.05	176,504
48	Gallon Gas Can Pull-Up Spout, 4610	52,350	3.23	169,509
49	WD-40 Aerosol, 9 oz	81,263	2.05	167,239
50	3000 lb Jack Stand	32,859	4.92	161,896
51	Armor All Cleaner, 16 oz. 301610	68,488	2.32	158,892
52	Prestone Super Flush, 22 oz	50,502	3.09	156,505
53	Pylon 16" Wiper Refills, 1016	63,353	2.46	156,165
54	Bars C-16 Leak, 12 oz	66,917	2.33	155,916
55	AC Oil Filters, PF-47	39,480	3.89	153,656
56	2-Gal Gas Can, Flex Spout	26,799	5.70	152,995
57	Aerosol Undercoating, 16 oz	85,324	1.77	151,364
58	Warco Dot Brake Fluid qt, 1002	40,556	3.71	150,787
59	15" Wire Wheel Cover, Each	8,833	16.90	149,277
60	Westl Bleche-Wite Liquid, 32 oz	45,224	3.28	148,606
61	J-Wax Kit, Pre-Soft Paste Wax, 12 oz	35,350	4.12	145,924
62	Champ Plug, RV15YC4BP8 (RBL15Y4)	13,316	10.87	144,798
63	Battery Charger, 6-Amp, SE86	4,697	30.74	144,399
64	DL Hand Cleaner, Blue Label, 14 oz	110,016	1.30	143,900
65	Warco Dot Brake Fluid, 12 oz, 1001	99,240	1.43	142,310
66	Blue Poly Paste Sealant, 16 oz	16,410	8.58	140,912
67	Snowite Lite-N-Ez qt Kit, 3305	26,359	5.29	139,485
68	Turtle Color Back Liquid, 16 oz	27,329	4.97	135,989
69	Simoniz Super Blue Pre-Soft Paste, 9 oz	38,179	3.55	135,840
70	Sandable Primer, Red	65,737	2.05	135,352
71	14" Wire Wheel Cover, Each	7,890	17.05	134,571
72	Pylon 18" Wiper Refills, 1018	54,183	2.46	133,561
73	Roberk 18" Wiper Blades	54,217	2.43	132,235
74	Midget Grease Gun Kit	14,643	8.84	129,517
75	Turtle Super Hard Shell Liquid, 12 oz	43,627	2.95	128,743
76	Borden #7, Car Wash Powder, 8 oz	50,142	2.55	128,162
77	STP Gas Treatment, 8 oz	106,214	1.19	127,138
78	Lee Oil Filter, LF25	37,749	3.35	126,572
79	Sun Super Tach II Tachometer	2,639	47.58	125,583
80	Quartz Halogen Drive Light Kit Clear	4,543	27.62	125,486

(Continued on page 57)

Fashion Hot But Basics Still King

By HERB RECHTER
President,
Allied Auto Parts
and Auto Accessories

Fashion-influenced items like wheel and seat covers and floor mats were strong performers throughout most of 1984, but the bulk of our business continues to be in automotive department staples: waxes, chemicals, polishes and the like.

A look at the top-selling items indicated the trends: waxes and chemicals hold half of the places; the remainder of the spots were held by promotion-supported hardware items like sealed beams and oil filters.

In fact, sealed beams were two of the top five best-selling items (in dollar volume) on the product movement audit (PMA) for the 10-month period of February through November.

In the annual movement audit (see *DSN*, April 2, 1984) waxes and chemicals held four of the top five places; hydraulic jacks were the only hardware items to hold a top spot. Eight-ounce Armor All protector was the best-selling item in calendar 1983.

The hydraulic floor jack, while still a promotional favorite, slipped from its second-place ranking to 16th place.

In the annual PMA for calendar 1983, hydraulic jacks held second place with 14,232 units sold with most of that movement generated by sales in the $39.99 price range.

This year, volume for the 10-month period was considerably slower with 6,100 units sold; again, promotional price points were the motivating factor.

Replacing the hydraulic jack as a featured item was an air compressor with gauge.

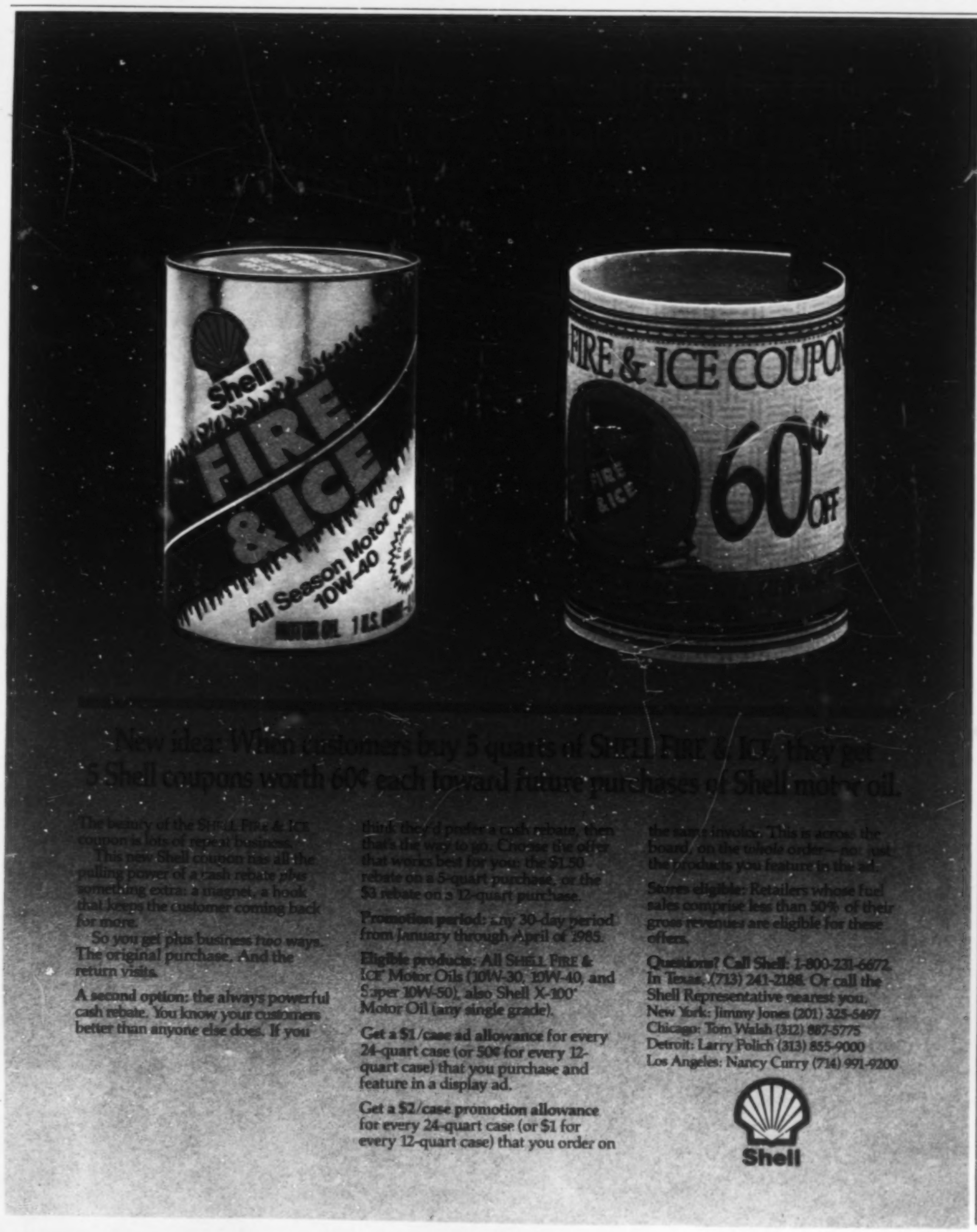
In 1983, this item ranked 20th with just over 12,000 units selling during the 12-month period; average retails were in the mid-$20 price range.

For the 10-month period charted here, air compressor sales lifted the item into 11th place with nearly 17,000 units sold; average price points were a few dollars less.

One-piece auto ramps (pair) also continued to be a favorite promotional item for discounters, although they no longer moved on a one-on-one basis with creeper sales as they did a few years back.

For the 10-month period, ramp sales totaled 10,746 units,

(Continued on page 57)


Shell
FIRE & ICE
All Season Motor Oil
10W-40
FIRE & ICE COUPON
60¢ OFF
New idea: When customers buy 5 quarts of SHELL FIRE & ICE, they get
5 Shell coupons worth 60¢ each toward future purchases of Shell motor oil.
The beauty of the SHELL FIRE & ICE coupon is lots of repeat business.
This new Shell coupon has all the pulling power of a cash rebate plus something extra: a magnet, a hook that keeps the customer coming back for more.
So you get plus business two ways. The original purchase. And the return visits.
A second option: the always powerful cash rebate. You know your customers better than anyone else does. If you think they'd prefer a cash rebate, then that's the way to go. Choose the offer that works best for you: the $1.50 rebate on a 5-quart purchase, or the $3 rebate on a 12-quart purchase.
Promotion period: Any 30-day period from January through April of 1985.
Eligible products: All SHELL FIRE & ICE® Motor Oils (10W-30, 10W-40, and Super 10W-50), also Shell X-100® Motor Oil (any single grade).
Get a $1/case ad allowance for every 24-quart case (or 50¢ for every 12-quart case) that you purchase and feature in a display ad.
Get a $2/case promotion allowance for every 24-quart case (or $1 for every 12-quart case) that you order on the same invoice. This is across the board, on the whole order — not just the products you feature in the ad.
Stores eligible: Retailers whose fuel sales comprise less than 50% of their gross revenues are eligible for these offers.
Questions? Call Shell: 1-800-231-6672. In Texas, (713) 241-2188. Or call the Shell Representative nearest you.
New York: Jimmy Jones (201) 325-5497
Chicago: Tom Walsh (312) 887-5775
Detroit: Larry Polich (313) 855-9000
Los Angeles: Nancy Curry (714) 991-9200
Shell

Grand Auto's Profit Up 11% in 3 Qtrs.

OAKLAND, Calif. — Grand Auto reported a 10.9% earnings increase for the 13-week period ended Oct. 28, from $1,398,000 in 1983 to $1,541,000 in 1984.

Earnings per share increased from 47¢ to 52¢.

Net earnings for the three quarters ended Oct. 28 totaled $3,846,000, a 5.5% increase over 1983's earnings of $3,644,000. Earnings per share rose from $1.22 to $1.28.

A 10¢ per-share dividend was paid on Jan. 2 to shareholders of record at the close of business on Dec. 12, 1984.

Fashion Hot

(Continued from page 52)

compared to 13,561 for all of 1983; average retails remained constant, in the $21 to $22 range.

In waxes and polishes, overall, we're seeing a continuation away from heavy polymer-influenced assortments. Basic underhood chemicals also performed well. Thirteen-ounce Gumout, a strong on-ad seller, sold through at comparable rates of nearly 300,000 cans, during both periods.

One area that we're putting a lot of emphasis on as we go forward is our import program. Car mirrors, exterior trim and antennae, including electric powered models, feature prominently in this area.

While these items aren't new, with imports we are able to leverage the price points down into the $20 range—which compares very favorably to the $40 range they usually sell in.

Wheel covers are another key player in our import program, and this is another classification we expect to perform well in 1985. We carry two lines—wire and plastic—which sell in the high and low teens, respectively, at retail. Mass merchants are finding these feasible at these new lower price points.

Seat covers and floor mat sales are also strong, and I expect them to continue to do well through the new year.

We now carry nearly a dozen models with an assortment of colors for each model. We find customers are very willing to trade up in this area, willing to pay between $20 and $30, the higher price point for Herculon and velour fabrications.

Like many of our customers were moving away from nylon seat covers in the $10 area. We find customers want more than price in this area; they want value and fashion and they're willing to pay for it.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
81	CD-2 Red Label Oil Treatment	51,897	2.39	124,348
82	Champ Pig R12YCBP8	13,444	9.19	123,590
83	Castrol GTX 20W50 qt Motor Oil	82,935	1.49	123,573
84	5-Gal Gas Can, Flex Spout	10,325	11.93	123,228
85	Borden #7 Rubbing Compound, 12 oz	54,642	2.23	122,124
86	Rubber Soundproof Undercoating	40,496	2.98	121,002
87	Foot Pump With Gauge	19,073	6.33	120,884
88	GE Silicone Seal, Clear, 2.8 oz	35,667	3.35	119,520
89	Suntune Oil/Temp/AMP/Gauge	4,355	27.38	119,261
90	Blue Poly Polymer Seal Liquid, 16 oz	13,698	8.69	119,158
91	Yale Power Steering Fluid, 14 oz	60,649	1.94	118,100
92	Pennzoil Z-7 30W oil	105,281	1.10	116,651
93	Halogen Seal Beam, Lo, Square, H4656	10,560	11.04	116,582
94	Oscillating 6" Fan, 12 volt	6,531	17.58	114,854
95	Borden #7 White Polishing Compound	50,912	2.25	114,552
96	20" Wheel Wrench	20,285	5.64	114,468
97	Motorcraft Oil Filter, FL400	26,934	4.21	113,553
98	10 Amp Battery Charger, SE1010	2,727	41.61	113,473
99	Solar Film, Smoke 20" x 120"	12,178	9.29	113,194
100	Aerosol Undercoating, 20 oz	45,438	2.49	113,186
101	Valvoline ATF Dexron qt	86,844	1.29	112,818
102	Multi-Service Grease, 14 oz	75,690	1.39	110,008
103	Heavy Duty Instant Spare with Hose	44,421	2.46	109,275
104	Fram PH8A Oil Filter	28,480	3.83	109,192
105	Custom Wire Set, 8mm Silicone	5,892	18.48	108,931
106	Top Post HD Terminal 1/CD, B101BP	98,443	1.10	108,779
107	Multi-Service Grease 3/Tubes, 3 oz	36,112	2.94	106,313
108	Bars R-6 Leak, 5½ oz	65,351	1.62	105,933
109	Solar Film, Smoke 20" x 60"	18,260	5.77	105,378
110	Auto Bulbs, 2 on a Card, 1157NA	61,723	1.70	105,175
111	STP Gas Treatment, 12 oz	58,406	1.79	104,897
112	Chrome Spray Paint, 16 oz	33,847	3.08	104,316
113	Quaker State HD 30W	94,745	1.10	104,219
114	AC Oil Filters, PF-35	26,650	3.89	103,695
115	6-Ton Hydraulic Bottle Jack	5,763	17.98	103,664
116	Champ Pig RV15YCBP8 (RBL15Y)	9,432	10.82	102,110
117	Antenna Spring with Booster, 45"	12,027	8.41	101,147
118	Bug/Tar Remover Liquid, 16 oz	46,656	2.16	100,823
119	AC Spark Plugs, R45TS TB8	10,799	9.23	99,761
120	Thrush Muffler, T-4163	5,806	17.09	99,270
121	Sandable Primer Black (Dk Gray)	47,959	2.04	97,932
122	TR-3 Resin Glaze Liquid, 16 oz	19,619	4.99	97,898
123	Thrush Muffler, T-5163	5,636	17.09	96,330
124	Foamy Engine-Brite Aerosol, 20 oz	44,805	2.14	95,927
125	Thrush Muffler, T-3163	5,593	17.11	95,735
126	400-195 Thermostat B/P	38,166	2.50	95,491
127	Chamois 3½ sq ft	10,818	8.74	94,625
128	10/50 Amp Battery Charger, SE1250	1,695	55.77	94,536
129	GE Glass Seal, Clear, 2.8 fl oz	28,761	3.27	94,192
130	Lee LF-16 Oil Filter	29,672	3.14	93,229
131	Raindance S'rm Finish Liquid Wax, 18 oz	14,792	6.26	92,642
132	Lee AFL-91 Air Filters	18,235	5.06	92,269
133	400-180 B/P Thermostat	36,600	2.51	91,939
134	Promo Rubber Mat, 4-Piece set, Black	8,965	10.23	91,774
135	Auto Bulbs, 2 on a Card, 194	93,706	0.97	91,550
136	Plastic Bottle Gas-Ln Antifreeze	186,533	0.49	91,401
137	Promo Rubber Mat, 4-Piece Set, Blue	8,900	10.26	91,322
138	Lee LF-1HP Maxi Oil Filter	21,349	4.26	91,117
139	AC Spark Plugs, R44T-6BP	8,516	10.61	90,388
140	Clear Turtle Aerosol, T-25OUPHOL, 14 oz	33,826	2.67	90,383

Source: These automotive figures, covering February-November 1984, were supplied by Allied Accessories and Auto Parts, Madison Heights, Mich. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount store auto departments.

Perry Converts 23 Auto Stores

PONTIAC, Mich. — Perry Drug Stores has completed conversion of the 23 Jack Lampert-Singer Super Auto Parts Stores in St. Louis to its Auto Works store format.

With the recent acquisition of 46 Corvairs auto parts stores, Perry Drug now operates 150 discount auto parts stores and 143 drug stores. Perry is projecting that auto parts will contribute 23% to its total volume in 1984, and eventually hopes the category along with prescriptions will contribute 50% of sales.

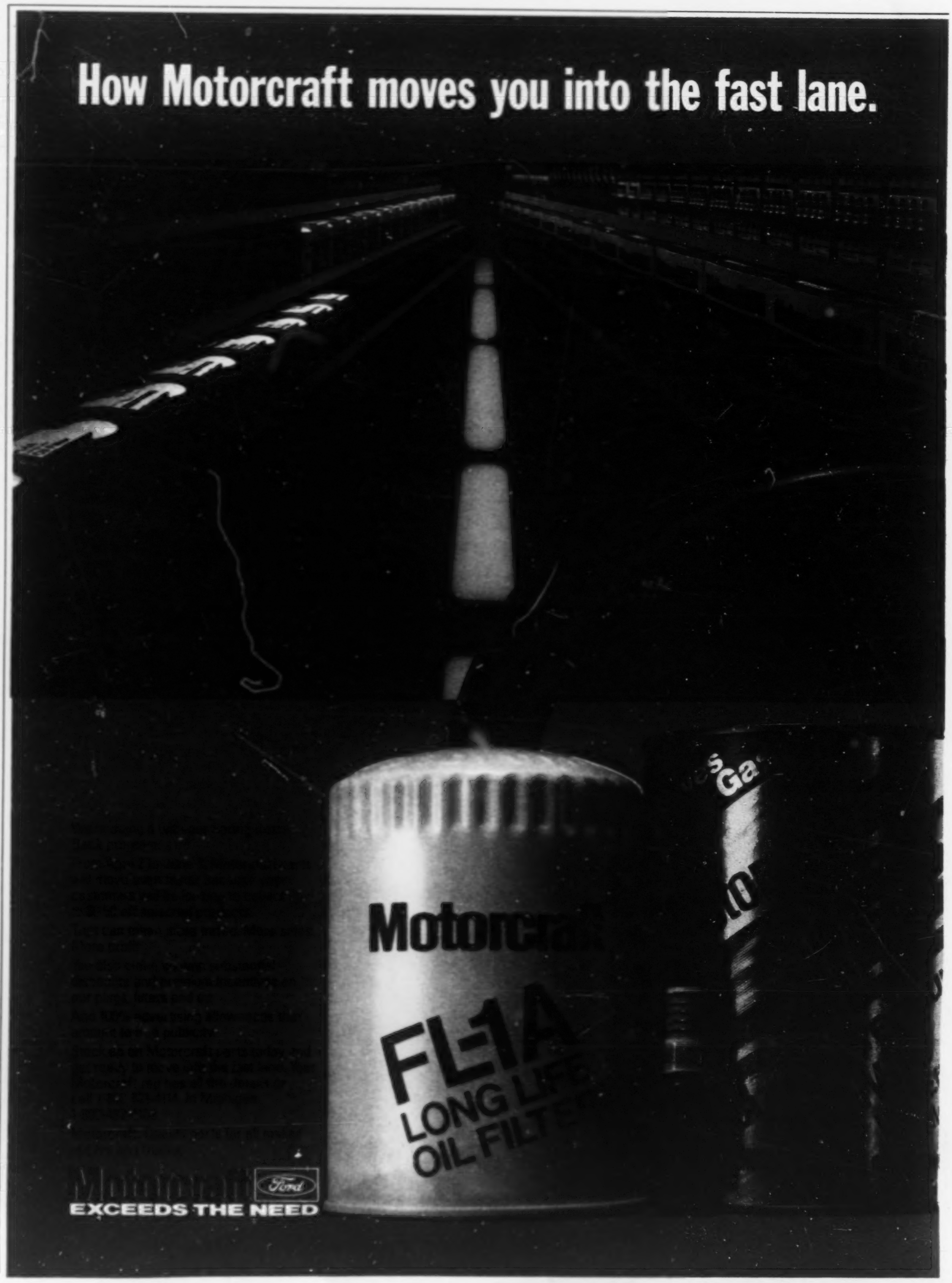
The Reason Why

A desire to quickly increase its overall gross margins is the reason for the emphasis on the auto parts business, according to a company spokesman. Gross margins in the firm's auto parts business ranged from 38% to 40%, compared with 28% to 30% for its drug and related lines, said the spokesman.

The 23 new St. Louis stores range from 3,000 to 5,000 sq. ft. A new St. Louis Metro Area Auto Works store was due to be opened at presstime in Warsaw, Ind.

Other auto parts retailers in the St. Louis Metro Area include Western Auto, Auto Shack and K mart.

Perry acquired the Jack Lampert-Singer Super Auto Parts Stores in September 1984.



CD (U.S.), in Getting Purdy, Adds Competitive Clout

(Continued from page 1)

been senior vice president, merchandising, means he is intimately acquainted with that cataloger's operations as well as those of Best.

Besides enhancing CD's ability to fend marketing thrusts by Service Merchandise and Best, Purdy's appointment is also seen as boosting his new company's merchandising, particularly honing its buying and making its catalog and promotions more sharply priced.

Purdy is known to be an astute merchandiser, using Service Merchandise's big checkbook to obtain the best possible deals. While CD's volume is about one-quarter that of Service Merchandise's $2 billion, the New Jersey company's approximately $400 million in sales is still seen as large enough to enable Purdy to negotiate sharp buys.

Purdy's appointment—which was expected—as president of CD (U.S.) after his leaving Service Merchandise just before Christmas under puzzling circumstances (see *DSN*, Jan. 7, p. 3) was made by CD (Canada) executive vp and chief operating officer Michael Haberman, who said:

"Everett is one of the most visible and respected merchants and executives in the catalog industry. He has been acknowledged as building one of the finest merchandising groups in the business.

"Obtaining a retail executive of [his] recognized stature is a reflection of Consumers Distributing's commitment to the United States market. Together we will work on improving the operations we now have in the United States and to interact with the best systems that our highly successful Canadian division has to offer."

Purdy, 52, will report to Haberman, who has overseen the United States arm since June 1984, when Bernard Cohen, president of that division, resigned to join Best as executive vp and president of the Best retailing group.

Another top CD executive followed Cohen to Best. Robert Rubinoff, CD's senior vp, general merchandise manager, joined Best as senior vp, merchandising. Rubinoff had been a top merchandiser at Service Merchandise under Purdy before he joined CD about two years ago.

Everett Purdy

At Best, Rubinoff recruited two Service Merchandise merchandisers, Thomas M. Schnuk, one of the top two merchandising executives under Purdy, along with George O. McClellan, a division merchandise manager, appliances.

Purdy declined to discuss his leaving Service Merchandise beyond noting he didn't resign. He did say, "I didn't know it was a crime to talk to anyone."

He had visited Toronto, Canada, to talk to CD (Canada) executives in early December.

Service Merchandise chairman and president Raymond Zimmerman had said he was surprised by what he termed Purdy's resignation. As the company's top merchandising executive, Purdy was responsible for merchandising, catalog production and advertising for the 166-showroom chain.

At CD (U.S.), Purdy becomes that cataloger's first top executive to have this broad cataloger experience. Previously, the top CD (U.S.) executives had limited, if any, such experience: Cohen's background, for example, was primarily retailing administration, with a reputation for turning around troubled companies.

Purdy now faces the challenge of turning around a red-ink operation which has been profitable only once, despite continued sales gains and the opening of 10-plus new showrooms annually during the past few years.

One major CD (U.S.) problem is maintaining a strong showroom in-stock position. The stores, which range from 10,000 to 18,000 sq. ft., tend to have less warehouse space than other catalogers with showrooms in the high-traffic metro New York, Los Angeles and San Francisco markets.

CD showrooms have to rely on rapid replenishment from the company's distribution centers in Edison, N.J., and Reno, Nev. But, the chain doesn't have a computerized sales tracking and reordering system for its stores that would provide the fastest possible restocking.

Service Merchandise, on the other hand, has maintained a high in-stock position for its showrooms and has one of the industry's most sophisticated replenishment systems.

The success of CD (U.S.) is vital to its parent. CD (Canada) executives in the past have made clear that the United States arm is the company's key growth vehicle. They explained that there were few markets left in Canada without a CD showroom, and also that nation's small population (about 25 million) limits the potential for big jumps in sales from its 213 showrooms there.

Profits

(Continued from page 2)

Stores of 1983," reflects performance of 125 chains whose 4,072 stores had aggregate sales of nearly $13 billion in the fiscal year ended Jan. 31, 1984.

Department store figures reported here focus on chains grossing at least $100 million annually.

Discounters held onto their margins better than department stores, producing a rise for the first time since 1978, as they eased their strong promotional postures minimally.

Gross margins at discounters ticked upward from 28.28% to 28.31%, partly because higher margin soft goods now account for a greater share of their mix. Department stores, on the other hand, saw their margins flutter down from 40.16% to 39.88%.

At large discounters (whose volume exceeded $750 million), gross margins averaged 28.48% of sales in 1983-84; at mid-sized chains (volume between $250 million and $750 million), margins average 27.97%, and for small chains ($250 million or less) margins averaged 28.18%.

Discounters also raised average net operating profit nearly one-third to 5.08% of sales in 1983-84. Department stores' operating profit-to-sales ratio averaged 4.67%.

The highest average net operating profit was reported by discounters with volume over $750 million, totaling 6.55% of sales. Mid-sized chains with sales from $250 million to $750 million had the lowest net operating profit, 1.98% of sales.

Per Cent of Total Sales

Factor	Full-Line Discounters 1983/84[a]	Department Stores 1983
Average Sales/Sq. Ft. Selling Area	$138.75	$138.26
Leased Sales	2.91%	5.61%
Cash Sales	—	36.03
Advertising/Promotion Expense	2.23	3.33
Accounting/Data Processing Expense	0.70	0.94
Employee Benefit Expense	2.32	3.07
Stock Turns (Owned Depts.)	3.49[b]	3.14
Stock Shortages (% of Retail Value)	1.16	1.61
Total Sales/Total Assets	3.26	2.14

[a]April 1, 1983 to March 31, 1984 period. [b]Based on monthly inventories. Sources: NMRI, NRMA.

Lobby Set vs. Blue Law

(Continued from page 1)

en-day shopping, at a ratio of 3 to 1—to convince representatives that the Blue Law doesn't reflect the wants of their constituents.

Texans for Blue Repeal is opposed by the Texas Retailers Association, which includes a cross section of store operators and car dealers.

The Blue Law issue heated up during the December holiday selling season when Target, like most other chains, opened its doors on Sunday "to protect market share," Hite said. Target has 38 stores in the state.

The Houston Retail Merchants Association filed suit against several retailers for violating the Blue Law, which puts the constitutionality of the law open to question in the courts.

Handy Dan, a home center chain which was sued and won, is now facing an appellate court decision at state level, said Linda Addison, attorney for the chain. She explained that the law might be ruled unconstitutional in court. In that instance, pending cases will be null and the law itself will be erased from the books.

K mart's Designer Depot and Shoppers World's Siegel's Fashion Station off-price stores are among other retailers being sued in Houston. Those cases are now pending in Federal court, Addison said.

In Laredo, Tex., the Blue Law controversy led to the arrest of nine store clerks during the holidays, said Graydon. It was later discovered that the purchasers of the goods sold illegally were employees of department stores that support the law, he added.

Variety Stores Converted

(Continued from page 3)

In the test program, all merchandise, advertising and store signage are being supplied by Ben Franklin.

"The only thing we don't supply, other than our name, is service," said Ben Franklin president Michael McGinnity. "We don't supply them the service we would give a franchisee."

(As all of Ben Franklin's stores are franchised, in the past new formats and remerchandising efforts were conducted in franchisee stores. Bringing the T.G. & Y. stores into the Ben Franklin system gives the variety store chain a test kitchen of its own for the first time, McGinnity noted.)

The new Ben Franklin/T.G. & Y. package revolves around several core departments: crafts, including floral and related products, and stationery/home office. Fabrics, long a T.G. & Y. merchandising strength, continues to play a focal part in the store, McGinnity said, but has been reworked to emphasize craft projects.

"Most of the stores got a heavier emphasis on products for the female customer," McGinnity explained. "Hardware, automotives and sporting goods were eliminated completely."

In addition, the stores got "out of all fashion/seasonal apparel items." There are some apparel basics in one or two of the seven San Diego stores; hosiery is in most of the units, he added.

Desser Is Dead

NEW YORK — George Desser, a pioneer of discount retailing as founder and president of Cinema Shops apparel stores, which later became the Miracle Mart chain, died.

At the time of his death, Desser was vice president and merchandise manager for Jamesway. He was previously vice president and gmm, ladies' and children's wear, of Twin Fair.

Quiz answers: 1b; 2d; 3a; 4c; 5a; 6d; 7c; 8d; 9d; 10c; photo answer: yes.

READ CLASSIFIED ADS

CARNATION COMPANY
NOTICE TO THE TRADE

Carnation Company consistently and regularly offers various promotional and merchandising programs available to and usable by all retailers regardless of size. These include allowances for newspaper, handbill and media features, displays and other consumer directed programs. Line extension and product introductory allowances are also available.

Payment is made on adequate proof of performance furnished by retailers or their representatives.

If you would like to receive specific information on offers available to you, send your name, address and telephone number to Carnation Company, Attention: Sales Department, 5045 Wilshire Boulevard, Los Angeles, California 90036.

If you wish to be placed on our mailing list for notification of available offers, please advice our Sales Department.

C5150-3

NSGA Show: Pp. 23-40

Jeans Mfrs. Alter Approaches: Pp. 13-15

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

$2 per copy

VOL. 24, NO. 3 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | FEBRUARY 4, 1985

Lure For an Angler

This spring watch for the spread of convenient-to-sell, blister-packed reels, here on endcap pegs at Caldor, Baltimore, Md. For more on luring shoppers to sporting goods, see pages 23-40. *(DSN photo)*

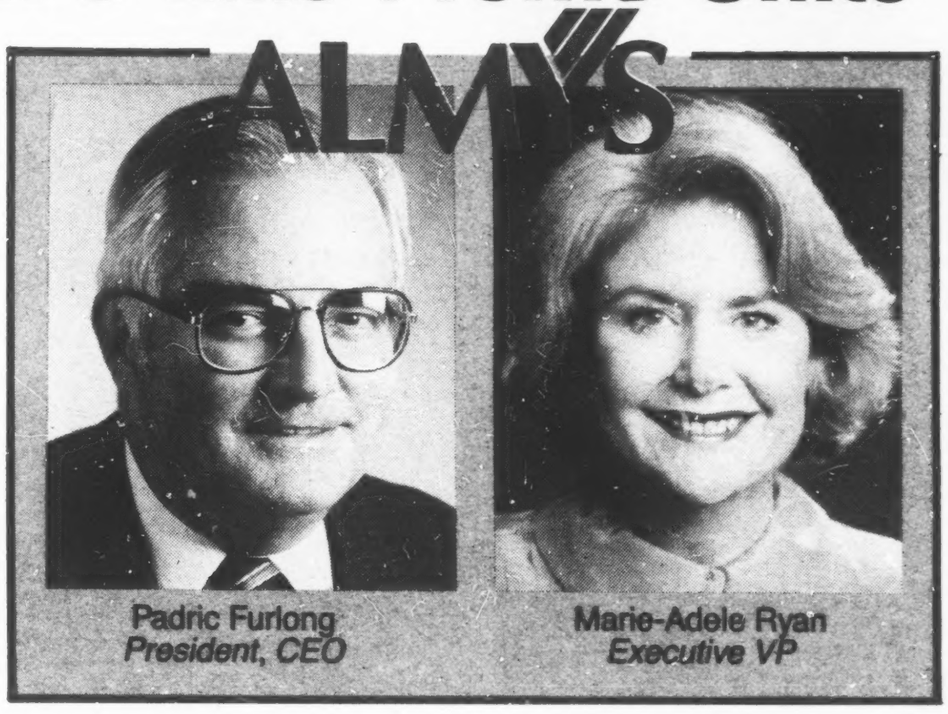
Stop & Shop Will Convert Almy Into Mervyn's-Like Promo Units

By KAREN PAXTON

BOSTON — The West Coast and Texas have Mervyn's. Chicago has Mainstreet. And now New England will have—the new—Almy Stores.

Stop & Shop Companies is planning to convert an obscure 19-unit chain of junior department stores into sharply focused and highly promotional stores for middle-income shoppers. The company is banking heavily on in-house expertise developed in its Bradlees discount store division.

Late last month the company bought 19 of the chain's 25 stores: 13 of the 55,000-60,000-sq.-ft. units are in eastern Massachusetts; two are in New Hampshire, in Nashua and Derry; two are in Rochester, N.Y.; two others are in Burlington, Vt., and Bangor, Me. The other six stores were shuttered by the previous owner, Federal



Padric Furlong
President, CEO

Marie-Adele Ryan
Executive VP

Street Investors, a real estate developer, before the sale took effect.

Stop & Shop will continue to use the Almy Stores name, but everything else about the stores will eventually be changed.

Stop & Shop's decision to pur-

(Continued on page 54)

K mart Offers $500M For Pay Less Drug NW

TROY, Mich. — K mart has extended its diversification to the super drug store field through a projected $500 million cash purchase of the $1 billion Pay Less Drug Stores Northwest.

"This pretty well wraps up" the diversification effort, said chairman and chief executive officer Bernard M. Fauber, who engineered the discounter's earlier moves into the restaurant, specialty store and warehouse home center fields.

The discounter expects to show "substantial growth" for Pay Less, Fauber added, as K mart would now focus on growing its cluster of companies, rather than making more major acquisitions.

Robert E. Brewer, senior vice president, finance, said: "It's premature to talk about the growth plans for Pay Less as we don't own them yet." The cash for the acquisition, he explained, would come from the company's bank credit lines and short-term investments.

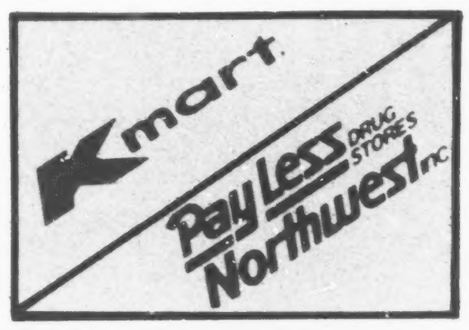
K mart's offer is $27 a share for Pay Less's 18 million shares outstanding. This includes an option for the discounter to buy for the same price up to 1,771,-288 authorized but unissued Pay Less shares, which amount to 9.8% of the outstanding stock.

Brewer downplayed Wall Street speculation that Pay Less's stock would jump higher than $27 a share, possibly reaching the low 30's "We have offered an adequate price and I don't believe the price will be a problem."

The price for the stock and the option were part of the definitive agreement reached by the boards of the two companies. The actual tender offer was made at presstime.

The deal needs the approval of Pay Less stockholders, with K mart expected to be the largest through its offer as well as its option to buy up to 9.8% of the outstanding shares.

Pay Less chairman Edward B. Hart said the drug chain



would remain an autonomous company and continue to be operated by its present management after the merger.

Affirming this, Brewer said K mart "didn't pay $500 million to acquire real estate. We're acquiring management expertise and entry into the discount drug store field."

K mart will treat Pay Less like its other diversifications, he said, with the drug chain reporting to Frederick M. Stevens, executive vp of specialty retailing, and with one K mart executive moved to the Pay Less Wilsonville, Ore., headquarters as a liaison between the two companies.

Brewer noted that "it had been public knowledge that

(Continued on page 5)

Strong Duckwall-ALCO Growth Prompts $105M Buyout Bid

ABILENE, Kan. — Strong sales and earnings growth prompted a $105 million leveraged buyout bid for Duckwall-ALCO, said company president Robert Soelter.

Soelter, 59, is leading the investor group that hopes to take the discount/variety chain private this spring, and make it public again in four to seven years.

The $21-per-share bid for all 4.98 million shares outstanding was 56% higher than the stock's $13.50 trading price on Jan. 7, and was approved by the Duckwall-ALCO board the next day.

If the deal is consummated this spring, ALCO will be owned by management and E. F. Hutton LBO, the investment firm that approached Soelter and other officers last September to initiate the buyout.

Coincidentally, chairman A. L. Duckwall Jr., 65, the last member of the founding family in the business, planned to retire last week, on Feb. 1. He favors the buyout because "present management should own much of the company. It's time I stepped aside," Duckwall said.

The bid was not intended to pre-empt others, nor is it an attempt to attract suitors, Duckwall and others said.

By late February, Soelter's group expects to hear a private decision from its prospective lender about financing the buyout. (The agreement in principle contains no time limit

(Continued on page 54)

IN BRIEF

• HECK'S WILL UNVEIL ITS LARGEST PROTOTYPE store in New Boston, Ohio, late in July. The 60,000-sq.-ft. store is about 20,000 sq. ft. larger than Heck's largest existing store. The added space is intended to make the chain more competitive through larger merchandise assortments, and an expanded checkout area, garden center and snack bar.

• JOHN HACALA, SENIOR VP, GMM, VENTURE STORES, is leaving to become president of Spencer Gifts, Pleasantville, N.J., a mail-order firm and retail operator of over 400 giftware and jewelry outlets. Spencer rang up about $300 million in sales last year.

Digest

Feb. 4, 1985

SPORTING GOODS SHOW

• **Discount chain sporting** goods buyers headed for the NSGA show in Dallas facing a challenge: how to merchandise the hot exercise gear category in view of an upgrade trend. (Special section, pp. 23-40.)

STOCK UPDATE

• ***DSN* with this issue begins a** new monthly feature (p. 4) charting stock prices. The listings reveal that Toys "R" Us was the biggest loser, with Cook United the top gainer.

CONSUMER ELECTRONICS

• **Discounters are looking to** promote clock radios at a new low of under $10, while catalogers and specialty chains take the upgrade route. (p. 11)

APPAREL

• **Jeans makers vary their approaches** to the discount market. (p. 13)

Index

Apparel	13-15
At the Source	42-43
Catalog Showroom News	9
Classified	50-52
Consumer Electronics	11
Domestics	45
Editorial	6
Executive Changes	5
H&BA	16
On My Beat	6
Washington Report	6